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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 30, 2013

David L Penney
Penney's Gemstones LLC
P.O. Box 312
Beaver, Utah 84713

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations, Penney's Gemstones LLC, Sliver 1&2 Mine, S/001/0035, Beaver County, Utah

Dear Mr. Penney:

The Division recently received your amendment to your Notice of Intention to Commence Small Mining Operations (Notice). The Division has reviewed the amended Notice, and the following items will need to be addressed before your amendment can be approved:

1. Page 2 - The mine name that the Division will continue to use is Sliver 1&2. Please write it in.
2. Page 2 - Identify yourself as the authorized officer.
3. Page 2 - The business entity number shown is invalid. State your number (4925197-0160).
4. Page 2 - Identify yourself as the registered agent, consistent with the business registration.
5. Page 5 - Identify the BLM and Karl Truman as land and mineral owners, and include addresses.
6. Page 5 - If you plan to re-disturb private lands, confirm that owners have been notified.
7. Page 5 - Provide the BLM Project File Number (UTU-89676) and mining claim numbers.
8. Page 6 - Remove "mining" from the pre- and post-mining land uses. By definition mining can be neither a pre- or post-mining land use.
9. Page 6 - Correct the legal description to specify the SE¼ of Section 20 and NE¼ of Section 29.
10. Page 7 - Remove or complete the following incomplete sentence: "Any ore and including the current gemstone to be mined anywhere within the claimed acreage."
11. Page 7 - Please identify more specifically the minerals to be mined. The Division suggests including the terms picasso marble and variscite to describe the minerals as was done in the existing Sliver 3&4 Notice.



12. Page 7 - Report the total maximum amount of material that you anticipate to move in tons or cubic yards, rather than the annual production.
13. Page 8 - The narrative indicates you will use existing roads, but in items 6 and 7 of the operations plan, please show whether there will be any new or improved roads.
14. Page 8 - Based on inspection reports, there is about one acre of unreclaimed disturbance south of the regraded and revegetated area on private land. Report both this one acre of unreclaimed disturbance, and the one acre of reclaimed disturbance. These acres will need to be included in the proposed future disturbance of 10 acres.
15. Location Map - Provide a general location map identifying the access roads from Milford.
16. Operation Map - Modify the new smaller-scale maps to show the location and approximate dimensions of the following:
 - a. The current disturbed areas, based on the enclosed inspection map,
 - b. The reclaimed areas,
 - c. The area planned to be disturbed (including new and/or improved roads),
 - d. Any disturbance for which you are not responsible, and
 - e. Proposed topsoil stockpile locations.
17. Reclamation Contract – Submit a signed and notarized copy of the contract (attached).

Based on the planned and existing disturbance of 10 acres, you will need to provide \$60,400 as reclamation surety, as calculated below:

Disturbance ¹ (acres)	Adjusted 3-yr Reclamation Surety Costs (2013)		
	First Acre ² (3-yr)	Subsequent Cost/Acre	Total - 3 yr (thru 2016)
1	\$9,400	\$5,200	\$9,400
2	\$9,400	\$5,200	\$14,600
3	\$9,400	\$5,200	\$19,800
4	\$9,400	\$5,200	\$25,000
5	\$9,400	\$5,200	\$30,200
6	\$11,600	\$5,400	\$38,600
7	\$11,600	\$5,400	\$44,000
8	\$11,600	\$5,400	\$49,400
9	\$11,600	\$5,400	\$54,800
10	\$11,600	\$5,400	\$60,200

¹ Measured disturbance is rounded up to the next full acre.

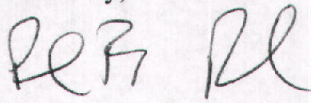
² The cost for the 1st Acre includes equipment O&M and labor, plus mob/demob, third-party and indirect costs. The sixth acre includes additional mob/demob.

David Penney
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Please provide your response using Form MR-REV-SMO/EXP, available on the Division's web site. Contact Penny Berry at 801-538-5291 if you have any questions regarding forms of reclamation surety.

Please call Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have any questions regarding this letter. In reply, please refer to file number S/001/0035. Thank you for your cooperation.

Sincerely,

Handwritten signature of Paul B. Baker in black ink.

Paul B. Baker
Minerals Program Manager

PBB: pnb: eb
Enclosed: April 2009 Inspection Report Map
Reclamation Contract (MR-RC-SMO)
cc: Ed Ginouves, BLM-Cedar City (eginouves@blm.gov)
Karl Truman, landowner (100 S 395 E, Minersville, UT 84752)
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